



## Irish Life Weekly Investment Bulletin

The week that was – WEEK 40 (ending 30/09/2016)

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**“Knowledge isn't power until it is applied.” – Dale Carnegie**

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**Irish mortgage approvals up 50% in year to August** – According to new data released by the Banking and Payments Federation Ireland (BPFI), €595m worth of Irish mortgages were approved in August, an increase of 50% on 2015 as the Central Bank's restrictive lending rules did not deter homebuyers seeking loan approval.

**Sentiment in Europe improves as Brexit shock slackens** – Economic sentiment improved in the eurozone as the shock of Brexit vote abated somewhat. The economic sentiment index rose to 105.9 in September from 103.5 in August. The German Ifo business confidence index reached 109.5, the highest level since May 2014.

**Global stock market down 0.4% on the week** – The World stock market (MSCI AC World) was 0.4% lower from 23<sup>rd</sup> to 30<sup>th</sup> September as markets digested a rally in oil prices due to a proposed production cap and concerns over the health of Germany's largest lender, Deutsche Bank and other European banks.

**U.S. growth revised slightly higher** – Economic growth in the second quarter was revised a little higher by the U.S. Bureau of Economic Analysis. Gross domestic product expanded by a revised 1.4%, up from an earlier 1.1% estimate. Early indications from some commentators are that growth picked up further in Q3.

**European banks under pressure** – Shares of Deutsche Bank were pressured by the looming legal settlement with the U.S. government but the share price had a big jump on Friday after rumours of a much reduced settlement figure. Two large European lenders, Commerzbank and ING Groep announced job layoffs.

**OPEC agree production cut** – The Organization of Petroleum Exporting Countries agreed modest oil output cuts in the first such deal since 2008, with the group's leader Saudi Arabia softening its stance on arch-rival Iran amid mounting pressure from low crude prices. Details will be finalised at its November policy meeting.

**The Story of the week:** During a practice round on Thursday at the Ryder Cup, Rory McIlroy and Henrik Stenson were practicing a 12 foot putt that they just couldn't make after six attempts. It was then that a fan (heckler?!), David Johnson of North Dakota shouted to the players that even he could make that putt. Stenson pulled him onto the green and handed him a putter, while Justin Rose plopped down a crisp \$100. If he could make the putt on his first try, he could keep it. What happened? He made the putt. An omen in every way for the weekend that followed.

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# Index Performances and Market Data\*

<b>Equity Markets % (in Local Currency)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD (to 30/09)</b>
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-10.0
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	14.1
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-5.7
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	7.8
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	6.1
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-13.6
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	9.1
MSCI AC World	-8.5	13.2	22.9	7.2	-0.7	3.0
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
U.S.	1.9	1.7	3.0	2.2	2.2	1.6
German	1.8	1.4	1.9	0.5	0.6	-0.1
UK	2.0	1.9	3.0	1.9	1.9	0.7
Japan	1.0	0.7	0.7	0.3	0.2	-0.1
Ireland	8.4	4.5	3.4	1.3	1.1	0.4
Italy	7.1	4.6	4.1	2.1	1.6	1.2
Greece	31.7	12.7	8.2	9.6	7.9	8.1
Portugal	13.4	6.9	6.1	2.7	2.5	3.3
Spain	5.1	5.4	4.1	1.6	1.7	0.9
<b>Central Bank Rates (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
ECB	1	0.75	0.25	0.05	0.05	0.0
Bank of England	0.5	0.5	0.25	0.50	0.50	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
<b>Foreign Exchange Rates</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
Euro/Dollar (€/€)	1.30	1.31	1.37	1.21	1.09	1.12
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.87
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.29
<b>IPD All Property Return (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Ireland	-2.4	3.1	12.7	40.1	25.0	6.3 (to end of Q2)
U.K.	8.1	2.7	10.7	17.8	13.1	2.5 (to end of Q2)
U.S.	14.5	5.3	11.4	11.2	12.1	4.1 (to end of Q2)

\*Past performance is not a reliable guide to future performance